



NETWORK SOLUTIONS

Improving Lead Times

Across many businesses, policies and practices evolve over time and become the ‘way we do things.’ Such is the case with this client – a large equipment manufacturer. The assumptions that existed in the well-established domestic market were carried into the international fulfillment arena. Growth outside North America steadily increased and became 50% of its net sales. Improving the export process coupled with a focus on improving inventory turns and operational efficiencies were the genesis of this study.

THE OPPORTUNITY

Like others in its peer group, the client has two distinct fulfillment models – one for finished goods and another for service parts.

This study focused on service parts flow from the US to their European DC. Shipments were in multiples of 40’ containers flowing from an inland US point via rail to an East Coast loading port. At the European discharge port these containers were off-loaded and placed on a barge to the inland DC.

Even though this is a common flow, it was plagued with excessively long cycle times that lacked consistency. Speed, reliability and cost were the key priorities considered.

Significant process variability can result in higher safety stock levels at all nodes in the chain. With excessive cycle times, in-transit inventory becomes unnecessarily high, tying up cash that could be used elsewhere.

THE SOLUTION

After collecting and preparing the data, baseline performance was determined. The client reviewed origin and destination practices and policies. These

discussions clearly identified process inefficiencies. With this understanding, realistic and achievable lead times were established.

Two significant process changes were required. First, order frequency was changed to a weekly ordering pattern. A weekly cadence leveled the flow of containers and receiving bottlenecks at the European DC were reduced.

A second change impacted container and carrier prioritization. Containers would be selected based on the carrier sailing schedule and the age of the container from the onsite pool.

THE RESULTS

By eliminating process waste, 24 days and more than \$1.3 million of in-transit carrying cost could be eliminated. Demurrage charges in the US were drastically reduced. The improvements that the client made were workflow and policy and did not require capital outlays or incremental expenses.